



February 28, 2010

Sr. Sindulfo Castillo  
Jacksonville District  
US Army Corps of Engineers - Antilles Office 400  
Avenida Fernández Juncos  
San Juan, Puerto Rico 00901-3223

"Vía Verde" Natural Gas Pipeline / Puerto Rico - SAJ -2010-02881 IP/EWG

Mr. Sindulfo Castillo:

We are deeply disturbed by recent events that have transpired in the proposed construction of a natural gas pipeline known as 'Vía Verde' (*Green Way*) or 'Gasoducto del Norte'. We wish to communicate information about this project that appears to violate existing regulations and permitted procedures.

This project involves the construction of natural gas pipeline that would cross the Island of Puerto Rico from the EcoEléctrica facility in the south of Puerto Rico to the north of the island. In doing so it would cut through our central mountain range, and then extend eastwards through our northern karst zone to supply natural gas to three Puerto Rico Electric Power Authority (PREPA) power plants. This project, which has met with great opposition from the people of Puerto Rico, is pending approval from the U.S. Corps of Engineers.

We represent Casa Pueblo, a community-based organization with over 30 years of service contributing towards sustainable development in Puerto Rico in the areas of economic development, environmental protection, educational programs, and agriculture. Casa Pueblo has been nationally and internationally recognized, including through the award of a 2002 Goldman Prize, equivalent to an Environmental Nobel Prize, to its Director Dr. Alexis Massol-González. Our concern regarding the potential impact of this natural gas pipeline led us to assemble a Scientific and Technical Commission to study the potential environmental, social and economical impacts of the project. This Commission has now been studying this project for more than six months, and we wish to report some important findings of our studies.

- Our Commission presented evidence in September of last year that EcoEléctrica does not have the capacity, nor the infrastructure required to

supply natural gas to the 'Vía Verde' pipeline. This matter itself makes the project unviable. In their best-case scenario for expansion, EcoElectrica could only provide enough fuel for PREPA-Costa Sur.

- Our findings were reaffirmed by the investigation of EcoElectrica undertaken by Senators Larry Seilhamer and Antonio Fas Alzamora . R of the S Resolution 889 was unanimously approved at the Senate on November 16, 2010 including a recommendation to discard the project.
- Prior to the Governor's declaration of an "Energy Emergency", PREPA had already decided on one alternative, the northern gas pipeline project. Three months before the emergency was declared, over \$13 million in contracts had already been awarded for this alternative project, despite the fact that this "energy crisis" was not apparent at the time.
- The governor's "energy emergency" order retroactively accepted and validated the decision made by AEE to exclusively choose the "Via Verde" alternative and invest millions of dollars of public funding in the project (e.g. design, environmental issues, expropriation and publicity campaigns).
- The order of an "energy emergency" closes the doors on the opportunity for a serious, participative and democratic discussion to evaluate other potential alternatives that could be employed to address this 'energy emergency'. It discards the possibility of bringing in other stakeholders including industries to address this problem, such as architects and engineers.
- The declaration of an "energy emergency" is part of PREPA's strategy to deliberately endorse one company - EcoEléctrica. This is potentially in violation of national anti-monopoly laws.
- Pedro Ray is the Chief Executive of Ray Engineers. He was also on the Board of Directors of Puerto Rico Infrastructure Financing Authority, clearly indicating that there is a conflict of interest.
- A further conflict of interest is that the agency in charge of publicity, Ballori & Farré, subcontracted the wife of Edward Zayas, the person in charge of communications of La Fortaleza.

Ray Engineers, P.S.C.	\$8.9 Millions	4/30/10 - 4/29/11	Pipeline Design
Environmental and Educational Advisors	\$300,000.00	5/14/10 - 9/22/10	Environ. Consulting
New Star Acquisitions Group	\$500,000.00	6/22/10 - 6/21/11	Preparatory Phase
New Star Acquisitions Group	\$6,364,518.00	10/1/10 - 9/30/11	Admi Consulting
Ballori & Farré	\$2.7 Millions	7/2/10	Public Campaign

Governor declares the state of "Energy Emergency" 7/19/10

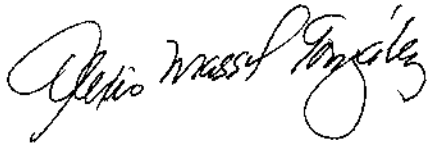
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- PREPA's actions prior to the state of emergency are evidently corrupt and antidemocratic, with no opportunity for free competition among industries and employers, and no participation of the people.
- Just days after the declaration of this false "energy emergency" the Governor was offering to sell energy to the Dominican Republic.

- After the public announcement and before the public debate, PREPA renewed its contracts with the Environmental and Educational Advisors, increasing the amount from \$300,000 to \$2 Million. \$6 Million was granted to UNIPRO Architects, Engineers and Planners for the management and supervision of the construction, even though the project had not yet been approved by the local agencies EQB, DNR or PB at that time, and the Federal Agencies' evaluation of the project had not yet begun.
- \$350 Million of Wall Street bonds were issued for project construction last December. These bonds are guaranteed by Federal Funds.

Casa Pueblo expresses its willingness to collaborate with the USCOE in the process, to ensure that the energy projects to be developed in Puerto Rico are undertaken in compliance with environmental and best-practice. However, 'Via Verde' is clearly an unacceptable proposal by engineering, environmental, public risk and financial standards. We thus recommend that USCOE to deny the permit immediately to minimize further damages to the people of Puerto Rico. In addition, we are recommending the referral of the 'Via Verde' file to the US Attorney for evaluation.

Sincerely yours,



Dr. Alexis Massol-González, Director  
Casa Pueblo



Dr. Arturo Massol-Deyá, Biologist  
Casa Pueblo



Dr. Gerson Beauchamp, Electrical Engineer  
Casa Pueblo

cc: [lyrica@goldmanprize.org](mailto:lyrica@goldmanprize.org)



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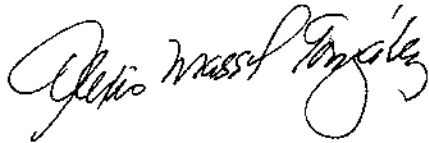
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